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REAL ESTATE AND MORTGAGE ACTIVITY BY REGIONS

IN only one of the eight regions of the United States is real estate activity above our long-term computed normal. This is the West Central region, which includes the States of North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, and Missouri. In this region, real estate activity is running 12.1% above our long-term computed normal, and it has been above normal continuously since the early part of 1943. This, of course, does not mean that all communities in these States are showing as favorable a trend. Two regions, the Southwest and the West Coast, have been in a readjustment period for a number of years. The Southwest, including the States of Louisiana, Arkansas, Oklahoma, and Texas, dropped below the long-term computed normal in 1952, and has continued below until the present. At the present time, real estate activity in this area is 28.9% below normal.

On the West Coast, real estate activity dropped below normal in the latter part of 1951. It has been below normal consistently since, with a present reading of -28.8%. This area includes California, Oregon, and Washington.

It should be pointed out that in the Southwest and West Coast areas the number of real estate transfers on a per capita basis is consistently higher than in many other sections of the country. Related to the normal volume of activity in their own areas, however, the readjustment in real estate in these two sections of the country has been going on for about 6 or 7 years. In these sections the readjustment period may be more nearly over than in those areas in which the readjustment has just started.

In the New England area the readjustment period started during 1957. This terminated a real estate boom which had continued for more than 13 years, and with only minor exceptions, this same pattern was followed in the Middle Atlantic area, including New Jersey, New York, Delaware, and Pennsylvania, the East Central area, including Ohio, Indiana, Illinois, Michigan, and Wisconsin, and the Southern territory, including Kentucky, West Virginia, Virginia, North Carolina, South Carolina, Washington, D. C., Maryland, Tennessee, Alabama, Georgia, Mississippi, and Florida. The pattern was followed to a slightly lesser extent in the Mountain area, including Montana, Idaho, Wyoming, Utah, Nevada, Colorado, New Mexico, and Arizona. If the figures from all areas are computed

(cont. on page 106)

REGIONAL PATTERNS OF REAL ESTATE & MORTGAGE ACTIVITY

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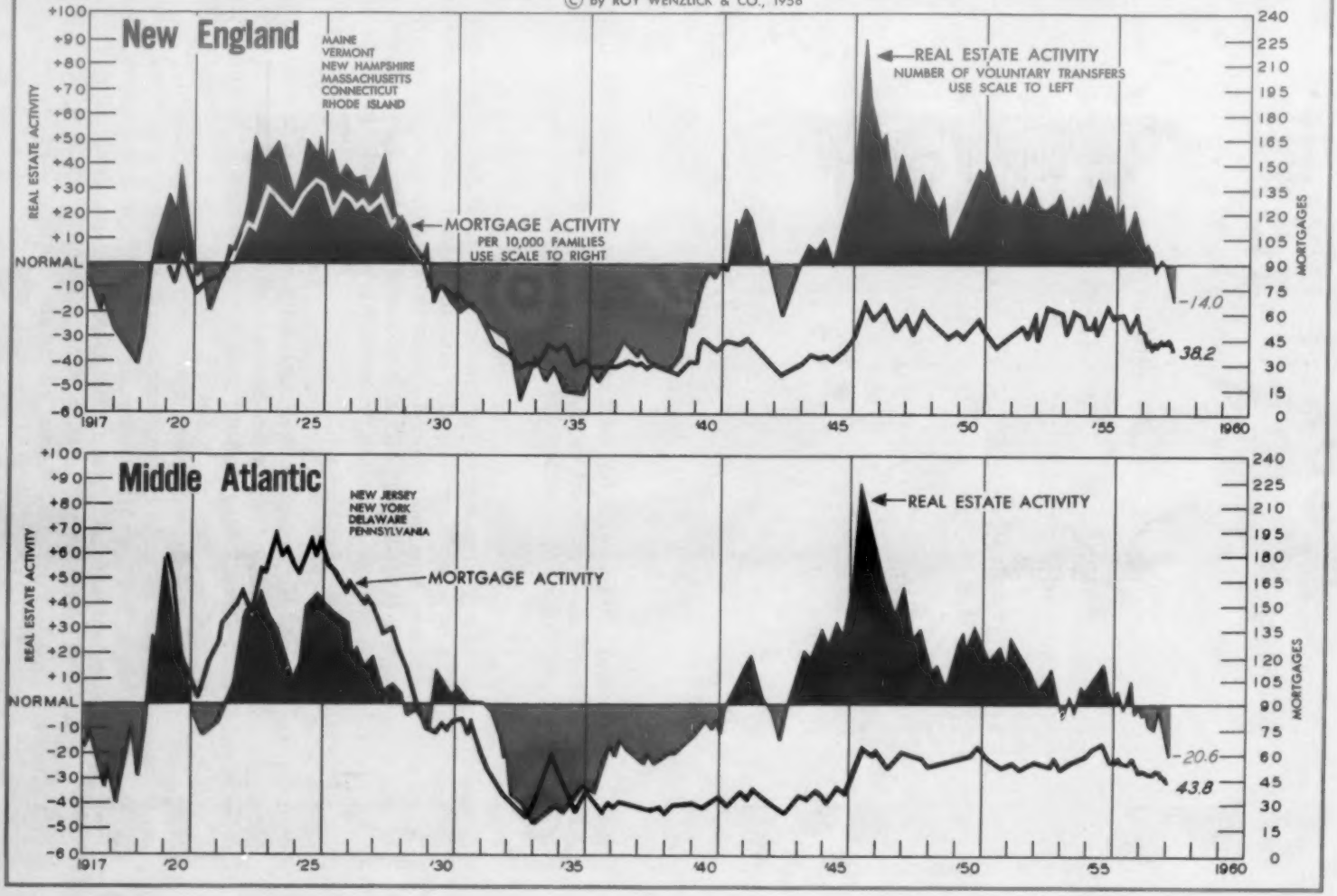

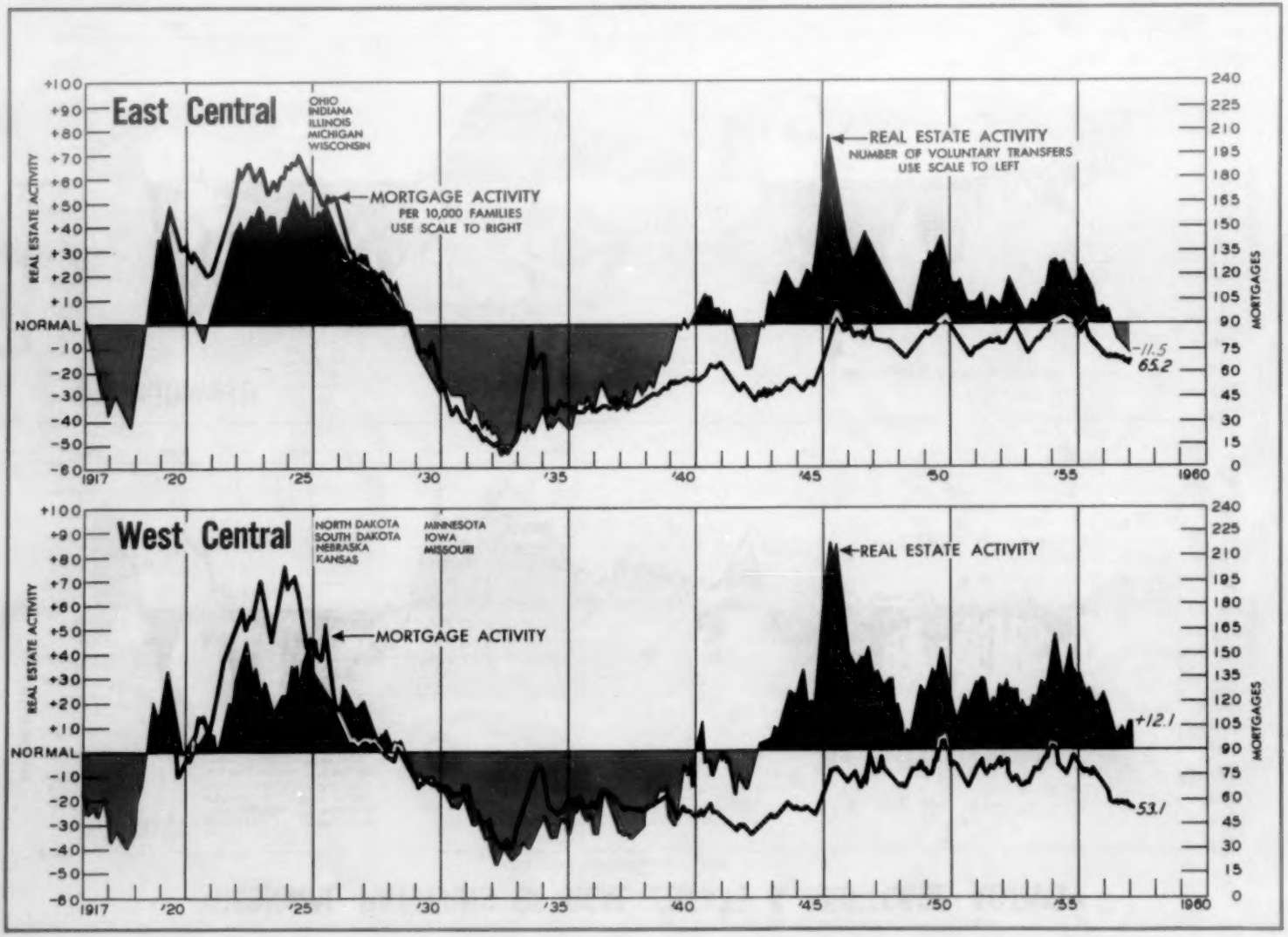
East Central
OHIO
INDIANA
ILLINOIS
MICHIGAN
WISCONSIN
MORTGAGE ACTIVITY
PER 10,000 FAMILIES
USE SCALE TO RIGHT
REAL ESTATE ACTIVITY
NUMBER OF VOLUNTARY TRANSFERS
USE SCALE TO LEFT
REAL ESTATE ACTIVITY
MORTGAGES
NORMAL
+100
+90
+80
+70
+60
+50
+40
+30
+20
+10
-10
-20
-30
-40
-50
-60
240
225
210
195
180
165
150
135
120
105
90
75
60
45
30
15
0
1917
'20
'25
'30
'35
'40
'45
'50
'55
1960
-11.5
65.2
West Central
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
KANSAS
MINNESOTA
IOWA
MISSOURI
MORTGAGE ACTIVITY
REAL ESTATE ACTIVITY
+12.1
53.1

REGIONAL PATTERNS OF REAL ESTATE & MORTGAGE ACTIVITY

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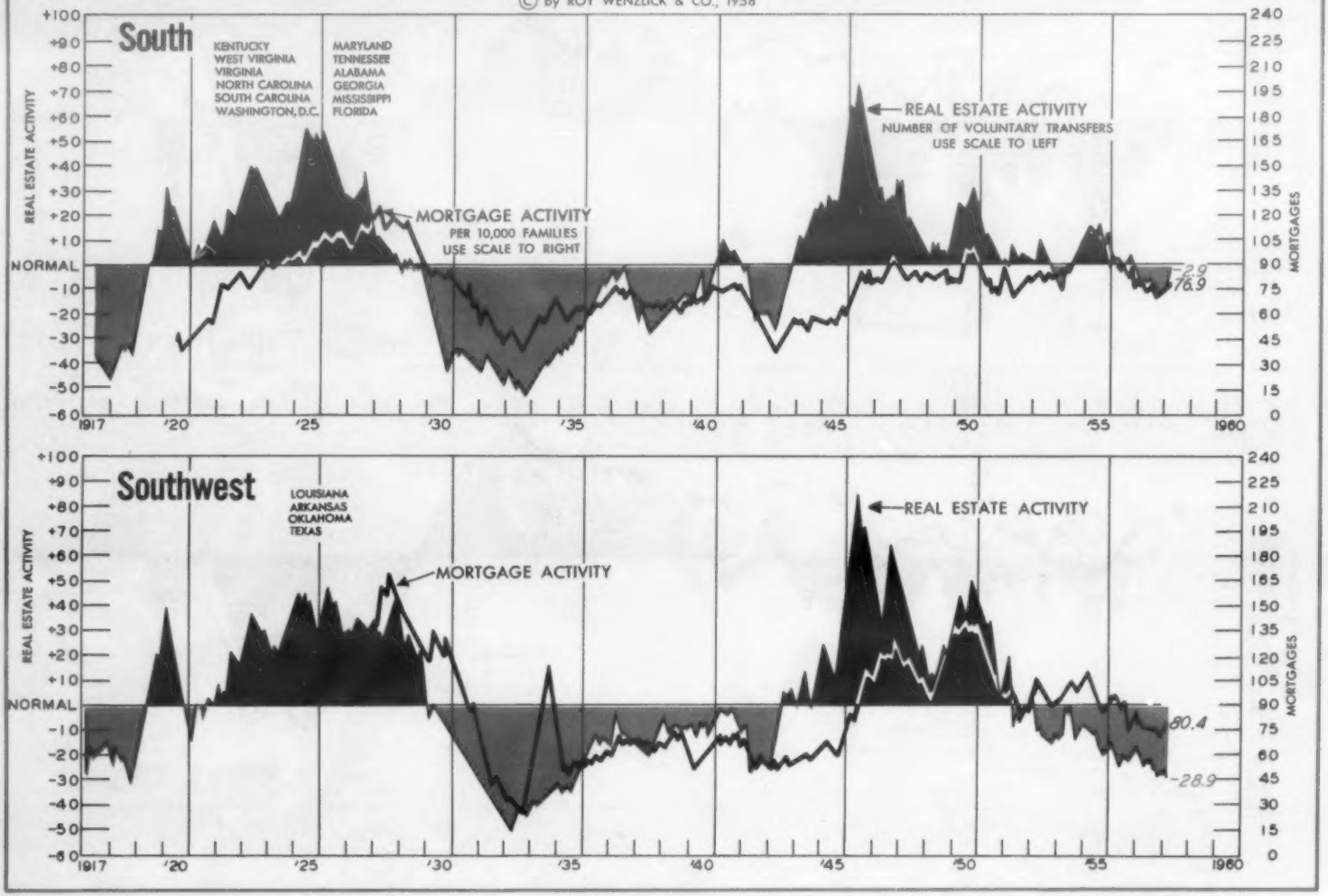
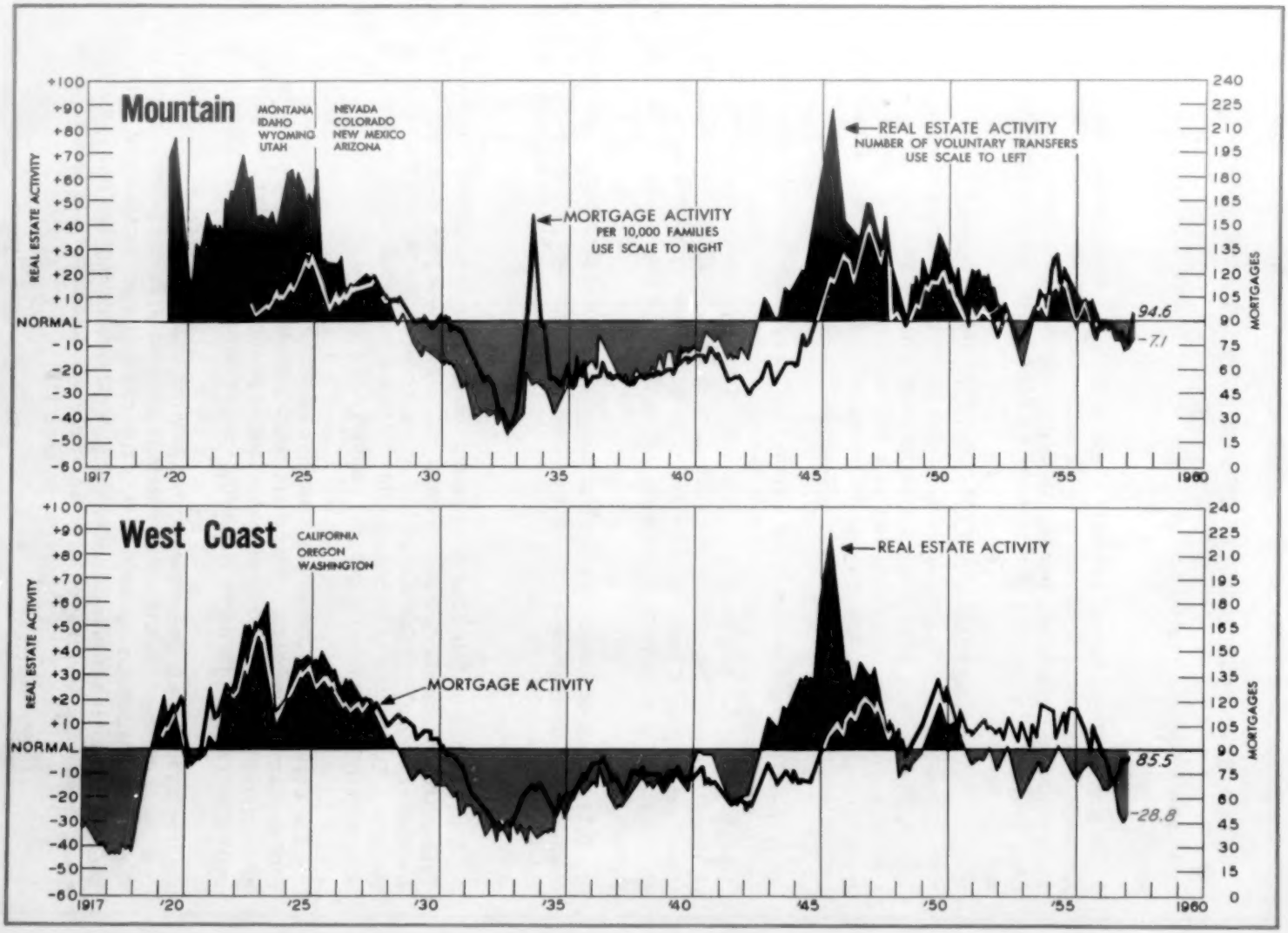



Mountain
MONTANA
IDAHO
WYOMING
UTAH
NEVADA
COLORADO
NEW MEXICO
ARIZONA
REAL ESTATE ACTIVITY
NUMBER OF VOLUNTARY TRANSFERS
USE SCALE TO LEFT
MORTGAGE ACTIVITY
PER 10,000 FAMILIES
USE SCALE TO RIGHT
REAL ESTATE ACTIVITY
MORTGAGES
NORMAL
94.6
-7.1
West Coast
CALIFORNIA
OREGON
WASHINGTON
REAL ESTATE ACTIVITY
MORTGAGE ACTIVITY
85.5
-28.8
1917
'20
'25
'30
'35
'40
'45
'50
'55
1960

REAL ESTATE AND MORTGAGE ACTIVITY BY REGIONS

(cont. from page 101)

on a national basis, real estate activity at the present time is 14.9% below normal.

In studying these charts it should be kept in mind that, as a general rule, there are fewer transfers in relationship to the number of families in older, matured communities than there are in new, developing areas. In the former communities, real estate gradually gets into strong hands, with more rental property and less turnover.

ANALYSIS OF CONSTRUCTION VOLUME

THE dollar total of all new construction in the United States has set a new high each year since 1944. A comparison with the past, as shown on the chart opposite, indicates that on a dollar basis the boom we have just come through is the greatest construction boom we have ever had. The actual total of new construction in dollars on this chart is shown by the heavy blue line.

It is difficult to say definitely whether we have been building too rapidly during the recent past. In an effort to get a more reliable picture of construction we have added two lines to this chart. The blue line connecting the dots on this chart shows the volume of construction in 1947-49 dollars. On this basis it is clearly apparent that, while the recent boom has been greater than any other since 1920, it is not nearly so great in comparison as it was on the uncorrected figures.

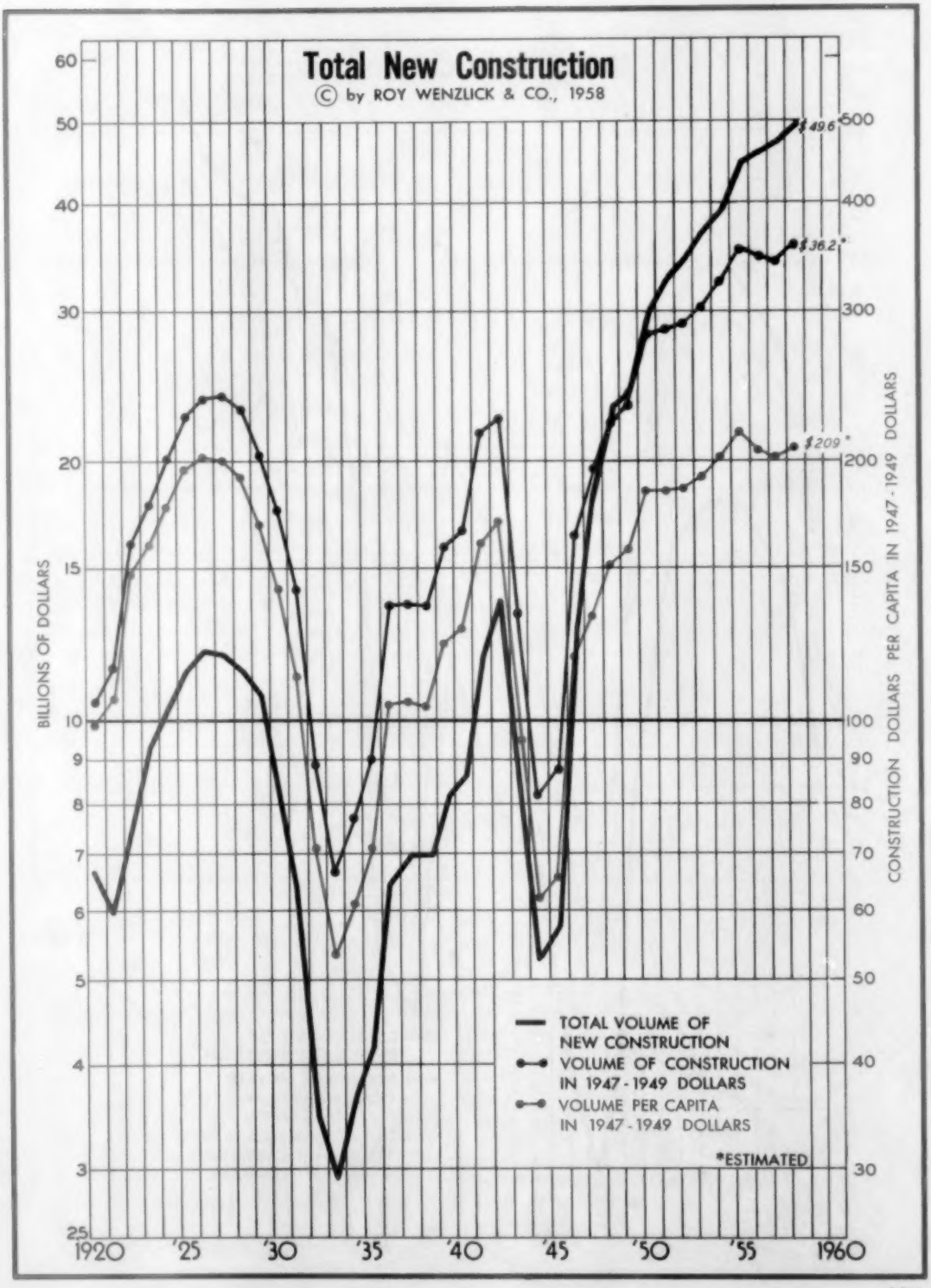
This volume of construction in constant dollars would probably come closer to an index of the physical volume of construction we have done and is, therefore, more significant than the picture we received from the dollar total shown by the heavy blue line.

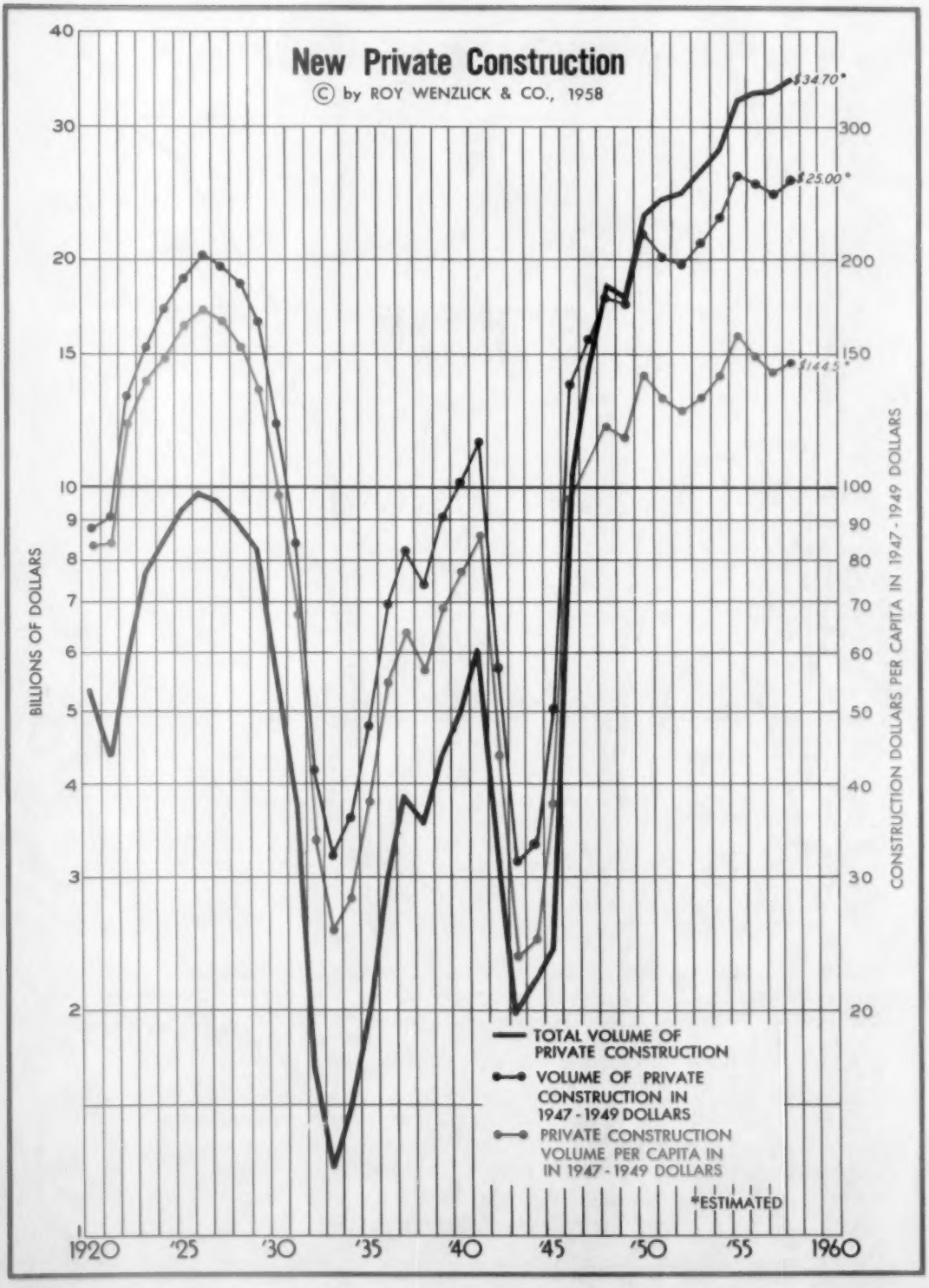
The red line on this chart connecting the red dots is a further refinement. This charts the volume of construction in constant dollars on a per capita basis, and this again reduces the size of the recent boom in comparison with those of the past. The volume of building on this basis for the past 5 years, however, is still slightly higher than the peak we reached in the 1920's.

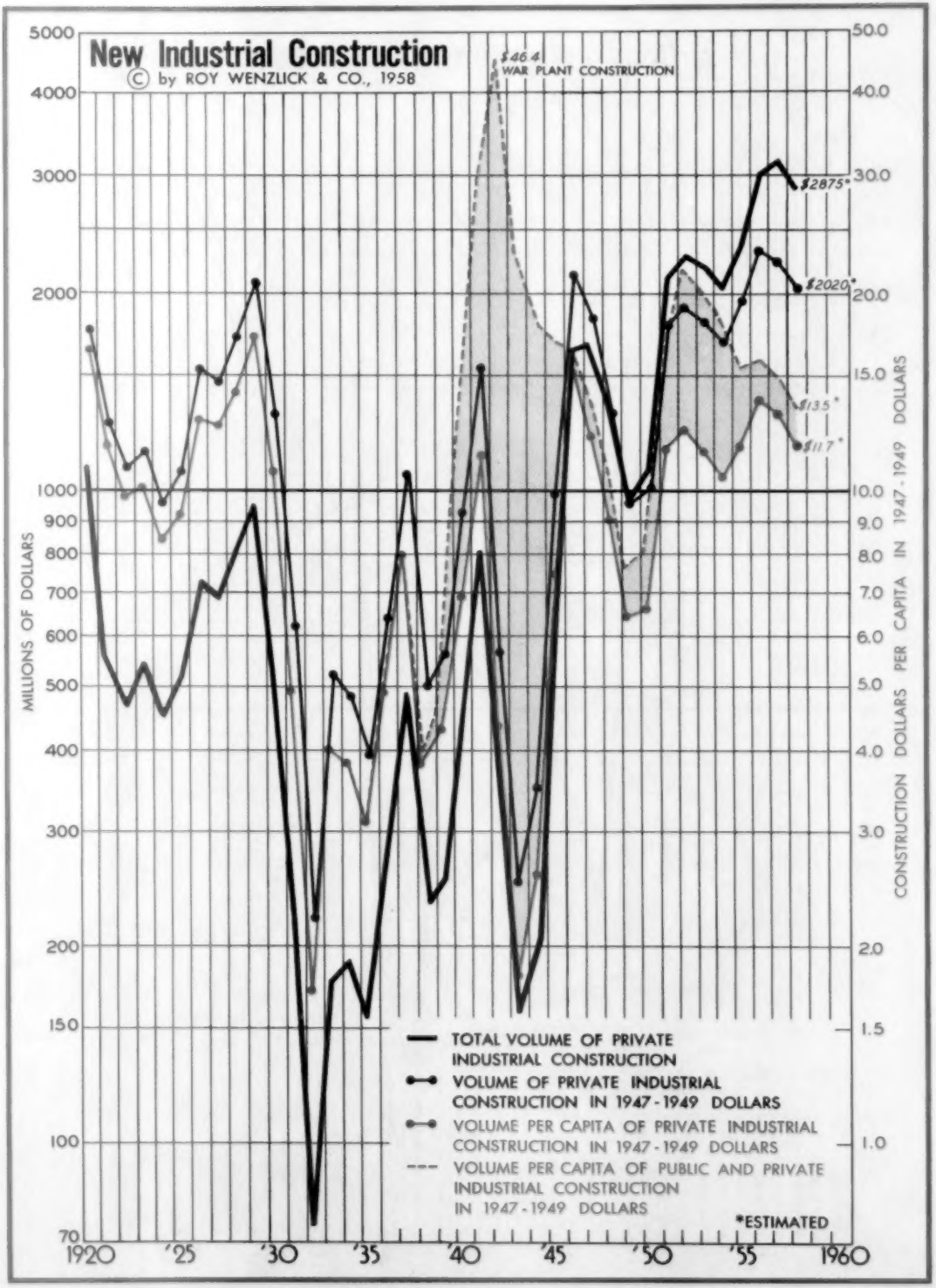
The chart on page 108 shows a similar picture for new private construction with the same refinements. This chart would indicate that on a per capita basis, after adjustment for the changing purchasing power of the dollar, we have not built at as rapid a rate as we did during the corresponding period of the 1920's.

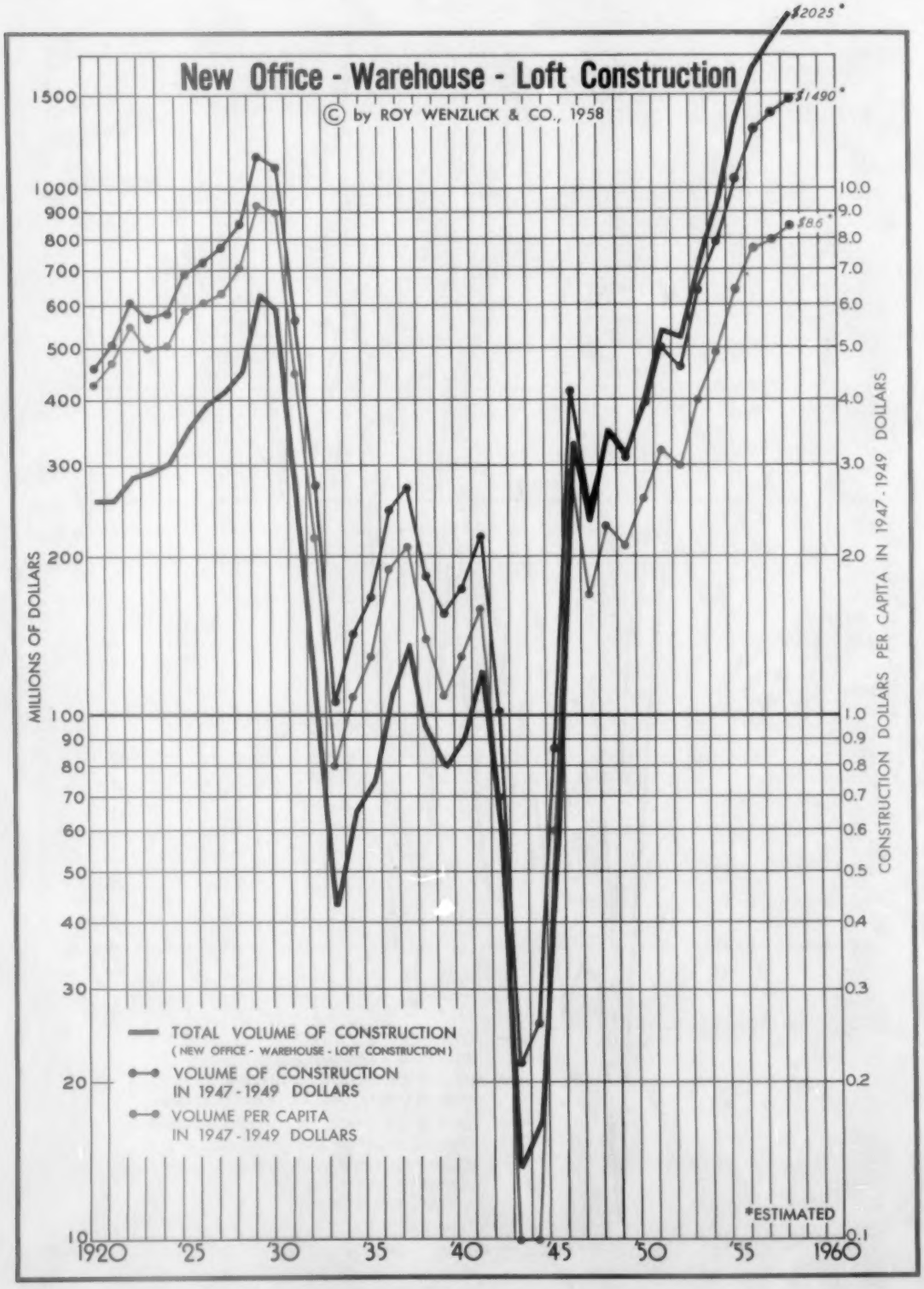
The third chart in this series covers new industrial construction. This chart is slightly different from the other charts in this series, in that private and public industrial construction is shown on the same chart on a per capita basis, largely because of the tremendous influence the Federal Government has had in war periods through the building of large war materials and munitions plants. Some

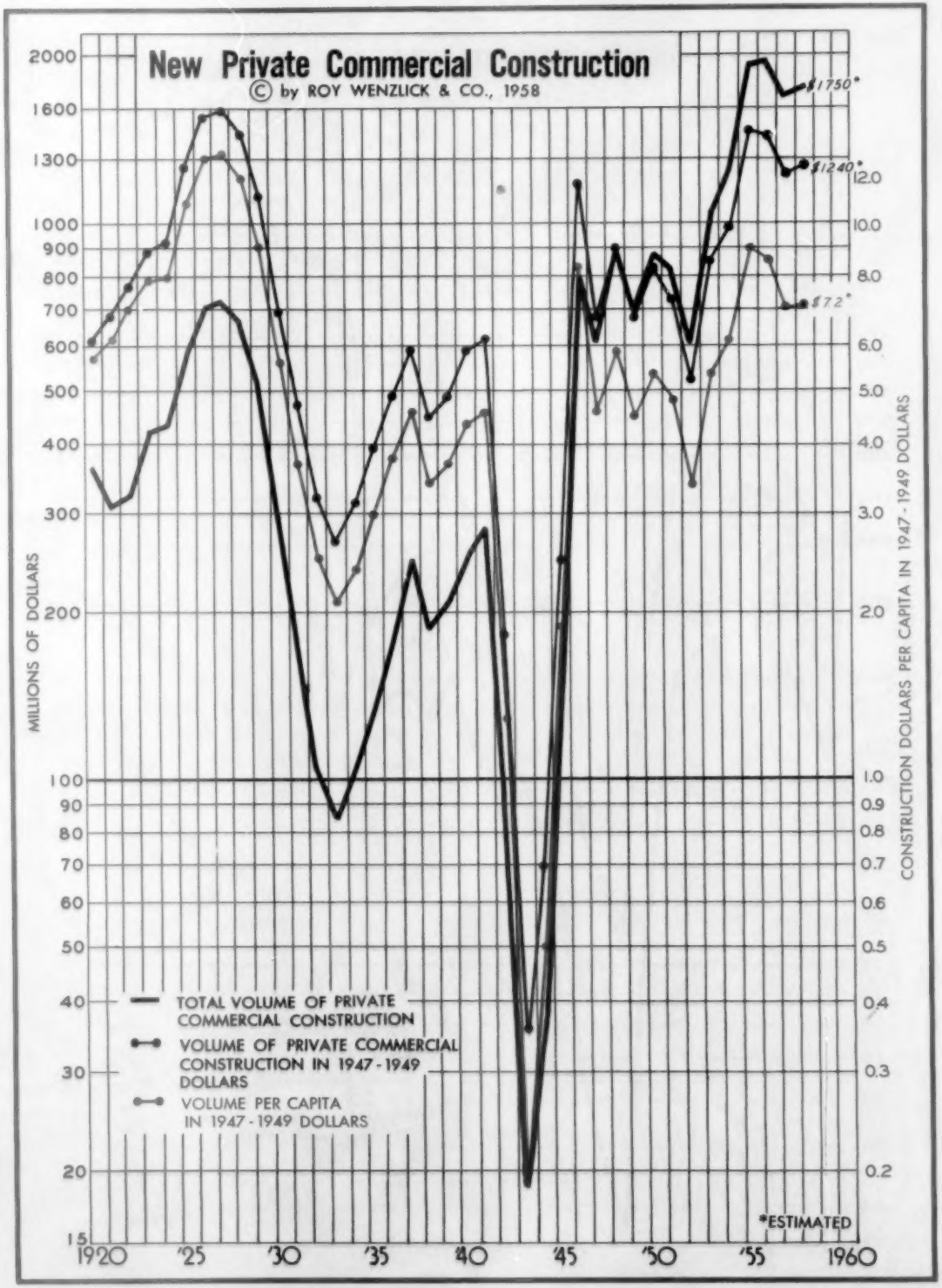
(cont. on page 115)

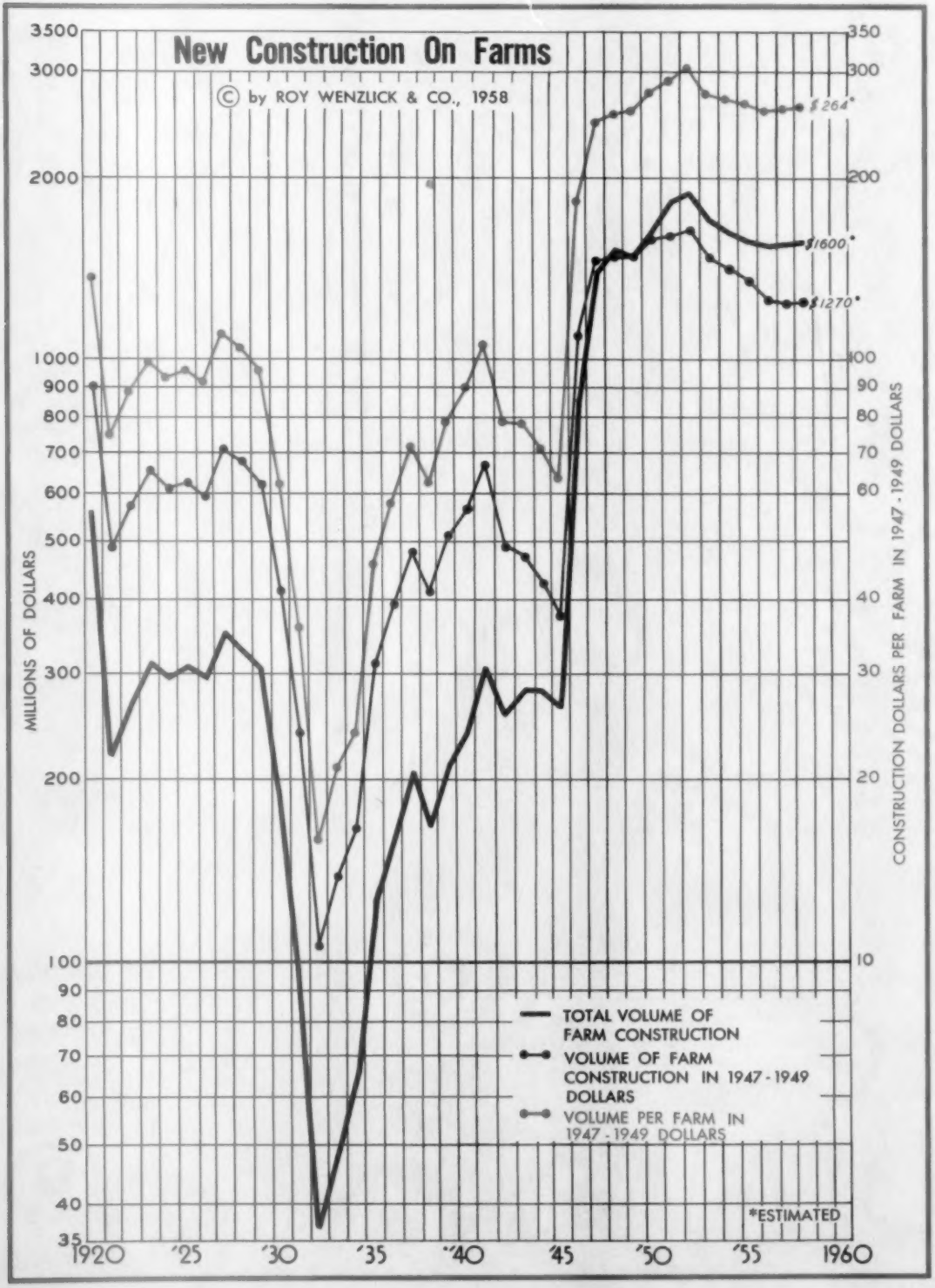

Total New Construction
© by ROY WENZLICK & CO., 1958
BILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER CAPITA IN 1947-1949 DOLLARS
$496
$362*
$209*
TOTAL VOLUME OF NEW CONSTRUCTION
VOLUME OF CONSTRUCTION IN 1947-1949 DOLLARS
VOLUME PER CAPITA IN 1947-1949 DOLLARS
*ESTIMATED
1920
'25
'30
'35
'40
'45
'50
'55
1960

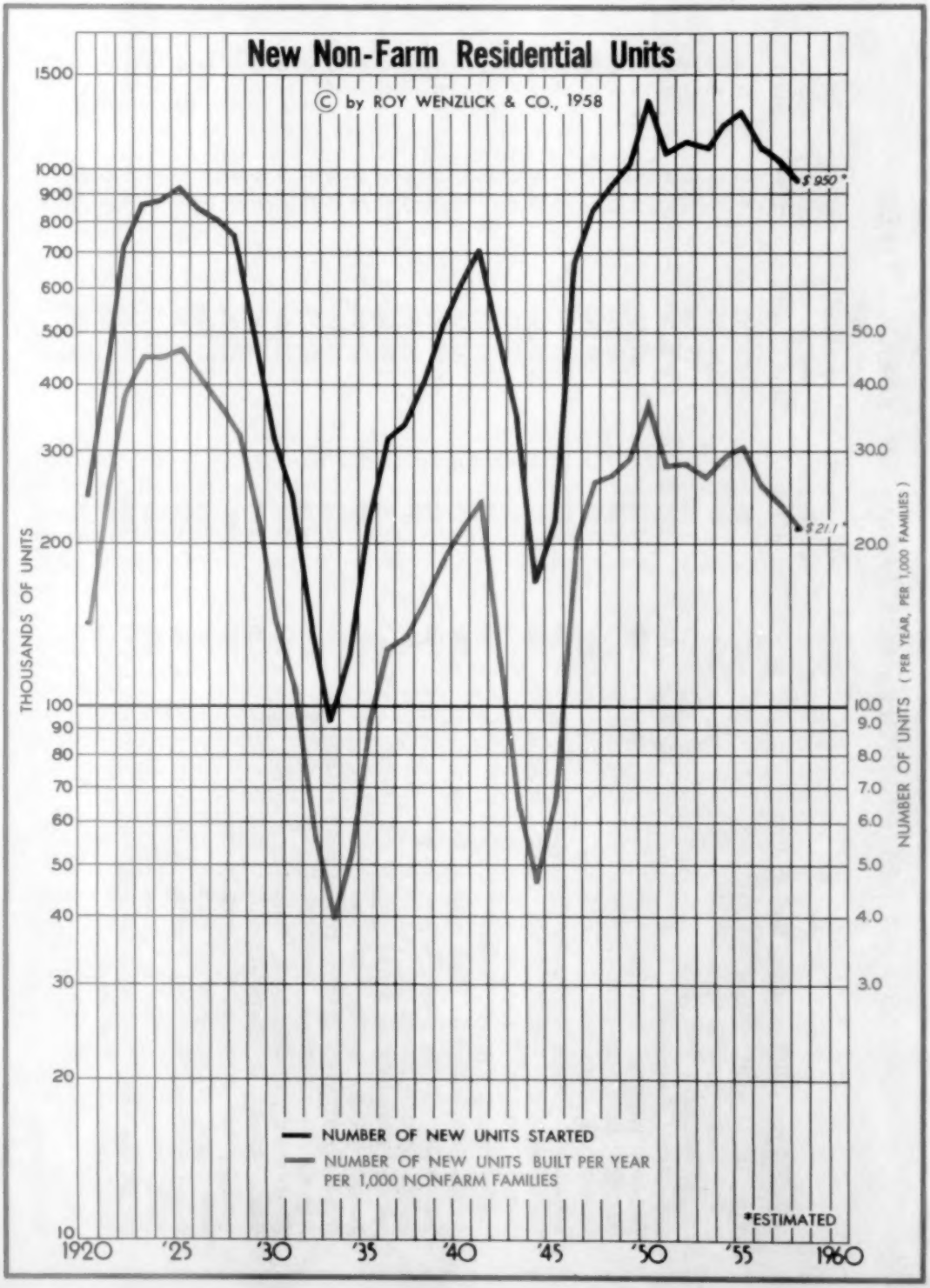

New Private Construction
© by ROY WENZLICK & CO., 1958
BILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER CAPITA IN 1947 - 1949 DOLLARS
$347.0*
$250.0*
$144.5*
TOTAL VOLUME OF PRIVATE CONSTRUCTION
VOLUME OF PRIVATE CONSTRUCTION IN 1947 - 1949 DOLLARS
PRIVATE CONSTRUCTION VOLUME PER CAPITA IN IN 1947 - 1949 DOLLARS
*ESTIMATED
1920
'25
'30
'35
'40
'45
'50
'55
1960


New Industrial Construction
© by ROY WENZLICK & CO., 1958
$46.4 WAR PLANT CONSTRUCTION
$2875*
$2020*
$135*
$117*
MILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER CAPITA IN 1947-1949 DOLLARS
5000
4000
3000
2000
1000
900
800
700
600
500
400
300
200
150
100
70
50.0
40.0
30.0
20.0
15.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.5
1.0
1920
'25
'30
'35
'40
'45
'50
'55
1960
TOTAL VOLUME OF PRIVATE INDUSTRIAL CONSTRUCTION
VOLUME OF PRIVATE INDUSTRIAL CONSTRUCTION IN 1947-1949 DOLLARS
VOLUME PER CAPITA OF PRIVATE INDUSTRIAL CONSTRUCTION IN 1947-1949 DOLLARS
VOLUME PER CAPITA OF PUBLIC AND PRIVATE INDUSTRIAL CONSTRUCTION IN 1947-1949 DOLLARS
*ESTIMATED


New Office - Warehouse - Loft Construction
© by ROY WENZLICK & CO., 1958
$2025*
$1490*
$86*
MILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER CAPITA IN 1947-1949 DOLLARS
1500
1000
900
800
700
600
500
400
300
200
100
90
80
70
60
50
40
30
20
10
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
1920
'25
'30
'35
'40
'45
'50
'55
1960
TOTAL VOLUME OF CONSTRUCTION
(NEW OFFICE - WAREHOUSE - LOFT CONSTRUCTION)
VOLUME OF CONSTRUCTION
IN 1947-1949 DOLLARS
VOLUME PER CAPITA
IN 1947-1949 DOLLARS
*ESTIMATED


New Private Commercial Construction
© by ROY WENZLICK & CO., 1958
MILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER CAPITA IN 1947 - 1949 DOLLARS
2000
1600
1300
1000
900
800
700
600
500
400
300
200
100
90
80
70
60
50
40
30
20
15
12.0
10.0
8.0
6.0
5.0
4.0
3.0
2.0
1.0
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
$1750*
$1240*
$72*
TOTAL VOLUME OF PRIVATE COMMERCIAL CONSTRUCTION
VOLUME OF PRIVATE COMMERCIAL CONSTRUCTION IN 1947 - 1949 DOLLARS
VOLUME PER CAPITA IN 1947 - 1949 DOLLARS
*ESTIMATED
1920
'25
'30
'35
'40
'45
'50
'55
1960


New Construction On Farms
© by ROY WENZLICK & CO., 1958
MILLIONS OF DOLLARS
CONSTRUCTION DOLLARS PER FARM IN 1947-1949 DOLLARS
$264*
$1600*
$1270*
TOTAL VOLUME OF FARM CONSTRUCTION
VOLUME OF FARM CONSTRUCTION IN 1947-1949 DOLLARS
VOLUME PER FARM IN 1947-1949 DOLLARS
*ESTIMATED
1920
'25
'30
'35
'40
'45
'50
'55
1960


New Non-Farm Residential Units
© by ROY WENZLICK & CO., 1958
THOUSANDS OF UNITS
NUMBER OF UNITS (PER YEAR, PER 1,000 FAMILIES)
1500
1000
900
800
700
600
500
400
300
200
100
90
80
70
60
50
40
30
20
10
50.0
40.0
30.0
20.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
$ 950 *
$ 211 *
1920
'25
'30
'35
'40
'45
'50
'55
1960
NUMBER OF NEW UNITS STARTED
NUMBER OF NEW UNITS BUILT PER YEAR PER 1,000 NONFARM FAMILIES
*ESTIMATED

GROSS AND NET MULTIPLIERS FOR FARMS OF VARIOUS TYPES

Type and location of farms	Size of farm - acres	Cropland harvested - acres	Average $ value per acre land & bldgs.	Gross multi-plier	Net multi-plier
Dairy, Central Northeast	208	78	79.80	1.8	5.0
Dairy, Eastern Wisconsin	129	69	155.80	2.8	8.3
Dairy, Western Wisconsin	149	65	77.10	2.0	5.3
Hog-dairy, Corn Belt	164	102	170.00	2.8	6.7
Hog-beef raising, Corn Belt	228	105	107.00	3.9	8.5
Hog-beef fattening, Corn Belt	203	143	193.00	2.1	5.6
Cash grain, Corn Belt	232	193	324.00	5.4	10.6
Tobacco-livestock, Kentucky Bluegrass	116	30	164.60	3.7	7.9
Tobacco-cotton, Coastal Plain, North Carolina	100	39	175.00	2.5	6.5
Cotton, Southern Piedmont	179	55	75.70	4.0	13.4
Cotton, Black Prairie, Texas	180	97	136.00	4.5*	16.0*
Cotton (nonirrigated), High Plains, Texas	381	241	80.00	4.0	10.1
Cotton (irrigated), High Plains, Texas	320	270	230.50	2.7	6.5
Cotton (small), Delta	57	33	145.00	2.6	8.0
Cotton (large-scale), Delta	1,000	625	143.50	2.4	7.4
Peanut-cotton, Southern Coastal Plains	139	60	49.60	1.4	2.7
Wheat-small grain-livestock, Northern Plains	695	441	38.00	2.3	4.5
Wheat-corn-livestock, Northern Plains	487	318	50.70	3.7	11.6
Wheat-roughage-livestock, Northern Plains	785	392	29.50	2.7	7.4
Winter wheat, Southern Plains	720	284	86.00	7.3	15.4
Wheat-grain sorghum, Southern Plains	726	290	87.00	8.3	16.7
Wheat-pea, Washington and Idaho	549	382	241.00	7.0	15.6
Sheep ranches, Northern Plains livestock area	6,189	204	8.80	3.2	10.6
Cattle ranches, Northern Plains livestock area	4,120	251	10.60	4.8	12.1
Cattle ranches, Intermountain Region	1,710	180	16.80	2.8	5.6
Sheep ranches, Southwest	12,836	16	11.80	10.7	46.5
Cattle ranches, Southwest	10,660	18	9.80	12.0*	50.0*

*Estimated.

GROSS AND NET MULTIPLIERS FOR FARMS OF VARIOUS TYPES

THE appraiser of urban real estate has had various rules of thumb which have acted as a rough guide to value. On page 22 in the January 1, 1958, report we showed gross and net multipliers for farms in the United States in chart form from 1910 through 1957. We stated then that the multipliers shown, being an average, were not of tremendous value, and we promised more detailed multipliers shortly.

The table opposite shows these multipliers worked out for various types of farms in various locations. The average size of farms in acres and the average amount of harvested crop land are shown on the table as a guide to the type of farm to which the multipliers apply.

ANALYSIS OF CONSTRUCTION VOLUME

(cont. from page 106)

of these plants are convertible to civilian uses. It is apparent that we have built much more than we did in the boom of the 1920's, but rapid improvements in manufacturing techniques have made many plants obsolete, and have been responsible for a great deal of replacement building as well as the construction of additional space.

The chart on page 110 shows new office, warehouse, and loft construction. This chart would indicate that, while the dollar volume of this type of construction has risen every year since 1952, on a per capita basis in stabilized dollars, it is not yet as high as it was in 1929 and 1930. In most large cities relatively little office building, warehouse, and loft space has been built until the very recent past. New York City, on the other hand, has been in a tremendous office building boom, particularly during 1956, 1957, and 1958.

The chart on page 111 shows new private commercial construction. This covers the construction of stores, restaurants, and garages. It indicates rather clearly that on a stabilized dollar basis and on a per capita basis we are building much less space than we were during the corresponding period of the 1920's. This is rather surprising in view of all of the shopping center activities and the activity in building garage space.

It may be that one reason we have not built more commercial space is that such a large percentage of our total retail volume is now done through supermarkets and shopping centers, which do a far larger volume per square foot of sales area than did the older types of stores.

The chart on page 112 showing new farm construction is one of the most interesting in the series, in view of all the tears which have been shed about the farm situation in the United States. This is the only chart which shows that construction in this boom has far exceeded construction in the boom of the

1920's, regardless of whether the figures are given in actual dollars or in dollars of constant purchasing power. The red line on this chart shows figures on a per farm basis. On this basis we are averaging now about $2\frac{1}{2}$ times the volume of construction on farms that we averaged in the 1920's. There are two factors which should be kept in mind in studying these figures. The first is that the average farm during the 1920's ran about 145 acres. The average farm today is 242 acres. It should also be kept in mind that the period of the 1920's, which was a boom period in the cities, was not as good a period on the farms. The mechanization of farms has required better buildings for equipment, and higher per farm income has made possible farm homes with more of the conveniences of urban life.

The chart on page 113 shows the number of new nonfarm dwelling units built each year from 1920 to the present, with 950,000 estimated for 1958. These figures include all types of dwelling units, both publicly and privately built.

The number of units built during this building boom has exceeded the number built during the 1920's, but on the basis of the number of dwelling units built per year per 1,000 nonfarm families, we have built at a lower rate. At the top of the boom of the 1920's we were building 47 new dwelling units per year per 1,000 families. At the peak of this boom we built slightly more than 37, and our present rate is about 21.

Undoubtedly a few years hence we will be building at a much more rapid rate, but we think it probable that before this increase starts, a period of readjustment will intervene.